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SIPDIS

SENSITIVE  
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DEPT FOR EB/TRA/OTP (HAYWOOD) AND EB/OES/QA (DIAMOND)  
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COGARD FEACT YOKOTA AB JA FOR GRIFFITTS AND BLAIR  
SINGAPORE FOR COGARD GRIFFITTS  
TSA FOR J. BRECHT CLARK

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TAGS: [ASEC](#) [EAIR](#) [EWWT](#) [PREL](#) [PTER](#) [ID](#)  
SUBJECT: AMBASSADOR DISCUSSES ISPS PORT REVIEW AND CIVIL  
AVIATION WITH TRANSPORTATION MINISTER

REF: JAKARTA 4366

1. (SBU) Summary. The Ambassador urged Minister of Transportation Hatta Rajasa on June 12 to encourage his Ministry to make its best efforts to improve port security prior to the June 19-29 Coast Guard final review of Indonesian port security under the International Shipping and Port Facility Code (ISPS). He noted that an unfavorable outcome to the review in the form of a Coast Guard 'Port Security Advisory' (PSA) could result in delays that would significantly increase costs to shipping companies, and seriously impact Indonesia's export and maritime-based economy. While noting that some facilities in Indonesia already practice good security, the Ambassador summarized concerns the Coast Guard has identified at a number of port facilities, particularly poor access control and gaps in fencing. Rajasa responded that port security is extremely important for both Indonesia's economy and international reputation, and directed his staff to take 'tough measures' to improve security conditions. He fully agreed that Indonesia 'must comply' with this international standard. The Ambassador also reviewed progress on Bali Airport security and praised the Ministry of Transportation (MOT) for the growing cooperation with Boeing on aviation safety issues. End summary.

#### ISPS Concerns Outlined

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2. (SBU) The Ambassador met Minister of Transportation Hatta Rajasa on June 12 to update him on the U.S. Coast Guard review of Indonesian ports for compliance with security practices under the ISPS Code. The Ambassador noted that the Coast Guard had visited Indonesia numerous times since November 2004 for consultations and professional exchanges aimed at improving security, and thanked Minister Rajasa and his staff at the Directorate General for Sea Transportation (DGST) for their excellent cooperation and full access throughout these visits. The Ambassador explained that a team of Coast Guard officials would conduct their final review June 19-30, visiting port facilities at Tanjung Priok (Jakarta), Semarang (Central Java), Dumai (Sumatra), and Bontang (Kalimantan).

13. (SBU) The Ambassador described in general terms the Coast Guard's findings to date, including the fact that some facilities like the Pertamina terminal in Balikpapan maintain excellent security. However, at other facilities port officials have made little or no progress at improving security, including the critical Port of Tanjung Priok in Jakarta. During their May 1-5 consultations at Tanjung Priok, Coast Guard officials found no improvement in security conditions since previous visits in September 2005 and in March 2006 (Reftel). The Coast Guard cited several areas of concern common to many facilities, including:

- poor access control and checking of identification badges;
- inadequate or poorly maintained fencing;
- inadequate monitoring of secure areas;
- lack of review and audit of security practices under a Port Facility Security Plan as approved by each facility; and
- insufficient conduct of regular security drills and exercises

14. (SBU) The Ambassador noted another serious issue is the DGST's issuance of Statements of Compliance (SOCs) to all of Indonesia's international port facilities, even though many clearly have never met ISPS standards. The Coast Guard believes this practice casts doubt on Indonesia's credibility and overall implementation of the ISPS code. Rajasa responded with concern to this information, and questioned DGST staff present at the meeting about the issue. (Note: DGST has pledged to revoke SOCs if facilities are found out of compliance in the upcoming review.) Rajasa also stated that port security is extremely important for both Indonesia's economy and international reputation, and directed his staff to take 'tough measures' to improve security conditions. He fully agreed that Indonesia 'must comply' with the ISPS standards.

#### Possible Impact of Coast Guard Port Security Advisory

15. (SBU) The Ambassador also explained the process the Coast Guard would follow should its final review find facilities that fail to comply with the ISPS. Following a 90-day mitigation period, the Coast Guard may issue a PSA, a public notice resulting in increased inspections and entry delays for ships entering the U.S. from Indonesia. The PSA applies to any ship having visited Indonesia in the last five port calls. The Ambassador warned that delays in U.S. ports for ships coming from Indonesia under the PSA would significantly increase costs to shipping companies, and seriously impact Indonesia's export and maritime-based economy. This would be a blow to our bilateral relations, since U.S. - Indonesia trade relations are steadily increasing. Under a PSA, the Coast Guard could also require the posting of armed security guards while a vessel is in a U.S. port.

#### Steps Taken Toward Compliance

16. (SBU) DGST officials at the meeting described briefly steps they have taken in the past month in preparation for the Coast Guard final review. After the Coast Guard visit in May, Director of Sea and Coast Guard Soeharto presented a brief action plan on May 17 that includes a directive to DGST officials to revoke SOCs if the facility in question fails to meet ISPS standards. Director General for Sea Transportation Harijogi subsequently notified in writing all 190 ISPS port facilities in Indonesia directing them to take immediate steps toward compliance with ISPS. Inspectors from DGST recently visited the facilities scheduled for review by the Coast Guard starting June 19.

17. (SBU) Harijogi has previously told us the DGST's greatest challenge is access control at Indonesia's 26 public and general cargo ports, because of limited government resources and the large number of persons who enter and exit each day as vendors and for employment, a part of the 'port culture' in Indonesia. For their part, Coast Guard officials have

repeatedly recommended DGST focus on achievable results, suggesting DGST establish internal audit teams and highlight facilities with good security as a bench-mark for others. They have encouraged DGST to focus on low-cost solutions to improve access control and fix other security problems. Should a facility be out of compliance, Coast Guard officials also stated they would view favorably a swift decision by DGST to pull an SOC. During their May visit, the Coast Guard provided DGST a written list of areas for improvement at three Tanjung Priok port facilities the DGST hopes eventually to use as 'best practices' models for other ports.

#### Impact of a PSA on U.S. Port Operators

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18. (SBU) Issuance of a PSA could also immediately impact U.S. energy and mining companies that operate private ports in Indonesia, or ship through public port facilities. To mitigate this impact, the Coast Guard can issue an exemption from the PSA list to specific facilities that meet ISPS requirements, upon audit by an independent inspector acceptable to the Coast Guard. In May 2006, Coast Guard officials briefed several U.S. oil, gas, and mining companies about the exemption process, which could affect between 20-100 facilities across Indonesia. Company executives expressed concern whether the Coast Guard would approve the exemptions quickly. However, the Coast Guard officials could not predict a time frame for approval since it has never issued a PSA for a country the size of Indonesia, and expected that large numbers of facilities would likely apply for exemption at the same time.

#### Bali Airport Security and Cooperation with Boeing

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19. (SBU) The Ambassador also took the occasion to discuss several aviation matters. He noted significant improvements in security at the Bali airport, subject to a Public Notice by the Transportation Security Administration (TSA) since December 2005. The Ambassador thanked Rajasa for the close cooperation of airport officials with the TSA, and noted

frequent consultations in Indonesia with TSA representatives.

Minister Rajasa expressed the goal the airport be ready in the 'next couple of months', to request reassessment by TSA, and hopefully removal of the Public Notice. The Ambassador also praised the growing relationship between Indonesian airlines and Boeing. He pointed out that Boeing will conduct several seminars on aviation safety for key aviation officials and airline companies in Indonesia between June and October. Rajasa clarified that recent concerns about the safety of Boeing 737-200 models were more about maintenance standards, and that the goal of 'exchanging' older planes for newer models

centers on fuel efficiency, noise, and cost of maintenance. Citing the recent Boeing sales to Lion Air, and on-going negotiations with other airlines, Rajasa said "people in Indonesia are comfortable with Boeing". Rajasa said he plans to visit Seattle in August for a ceremony at Boeing with Lion Air officials.

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